



Q4 2021
Investor Presentation

November / December 2021

Forward-Looking Statements

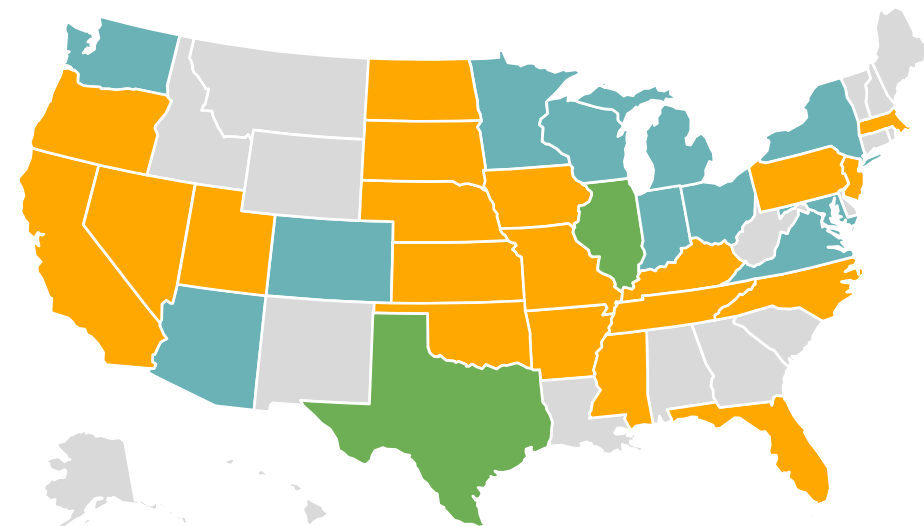
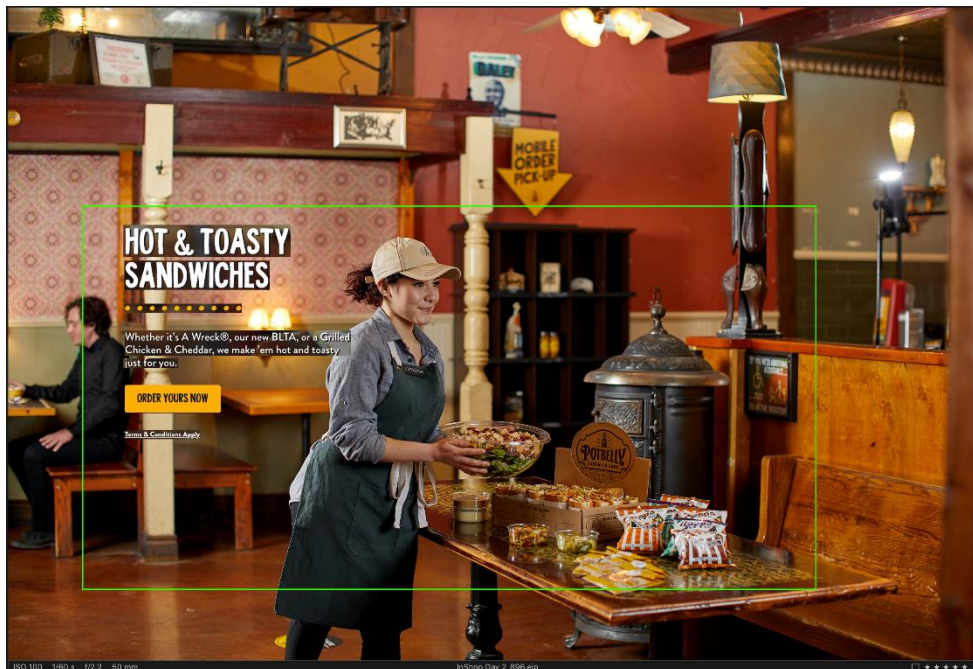
In addition to historical information, this press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended and the Private Securities Litigation Reform Act of 1995. Forward-looking statements, written, oral or otherwise made, represent the Company's expectation or belief concerning future events. Without limiting the foregoing, the words "believes," "expects," "may," "might," "will," "should," "seeks," "intends," "plans," "strives," "goal," "estimates," "forecasts," "projects" or "anticipates" or the negative of these terms and similar expressions are intended to identify forward-looking statements. Forward-looking statements included in this presentation may include, among others, statements relating to our expectations concerning our future financial position and results of operations and our ability to successfully execute on our Q4 priorities, traffic-driven profitability strategy and three-year strategic growth plan. By nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or implied by the forward-looking statement, due to reasons including, but not limited to, risks related to the COVID-19 outbreak; compliance with our Credit Agreement covenants; competition; general economic conditions; our ability to successfully implement our business strategy; the success of our initiatives to increase sales and traffic; changes in commodity, energy and other costs; our ability to attract and retain management and employees; consumer reaction to industry-related public health issues and perceptions of food safety; our ability to manage our growth; reputational and brand issues; price and availability of commodities; consumer confidence and spending patterns; and weather conditions. In addition, there may be other factors of which we are presently unaware or that we currently deem immaterial that could cause our actual results to be materially different from the results referenced in the forward-looking statements. All forward-looking statements contained in this press release are qualified in their entirety by this cautionary statement. Although we believe that our plans, intentions and expectations are reasonable, we may not achieve our plans, intentions or expectations. Forward-looking statements are based on current expectations and assumptions and currently available data and are neither predictions nor guarantees of future events or performance. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. See "Risk Factors" and "Cautionary Statement on Forward-Looking Statements" included in our most recent annual report on Form 10-K and other risk factors described from time to time in subsequent quarterly reports on Form 10-Q or other subsequent filings, all of which are available on our website at www.potbelly.com. The Company undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Note Regarding Non-GAAP Measures

This presentation includes financial measures, including adjusted EBITDA and adjusted net income, that are derived on the basis of methodologies other than generally accepted accounting principles ("GAAP"). We offer these measures to assist the users of our financial statements in assessing our financial performance under GAAP, but these measures are non-GAAP measures and investors should not rely on these measures as a substitute for any GAAP measure. In addition, our non-GAAP financial measures may be different from non-GAAP measures used by other companies, limiting their usefulness for comparison purposes. Reconciliations of these measures to the GAAP measures we consider most comparable are included in the Financial Appendix.

Potbelly is the sandwich shop with the craveable quality and good vibes of a first-class dive.

- Strong heritage – founded in Chicago in 1977
- ~400 locations today, including 40 franchise shops in the U.S.
- Delicious, craveable food made-to-order with fresh, high-quality ingredients
- Authentic concept:
 - Inviting neighborhood feel
 - Fresh, Fast & Friendly service
 - Unique brand position



Orange <10 Shops

Teal 10-50 Shops

Green 50+ Shops

Why Invest in PBPB?



Strong Brand, Differentiated Experience

Authentic fast casual concept, with fresh, fast, & friendly service and high brand recognition across 400+ locations



Rebuilt Leadership Team

New executive leadership team with reinvigorated results-oriented culture



Executing New Strategic Plan

'Traffic-Driven Profitability' Strategic Plan with five key pillars to return to profitable long-term growth



Progress on Strategic Initiatives

Positive momentum with New Menu, New Tech Stack, Scale digital media and Perks loyalty program integration



Franchise Focused Development

Significant growth opportunity given under penetration across much of U.S. and highly scalable brand



Stronger Financial Foundation to Fund Growth Initiatives

Streamlined platform, lower cost structure, and recently enhanced balance sheet to support future operating leverage and growth



Potbelly is the sandwich shop with the craveable quality and good vibes of a first-class dive.

Rebuilt Leadership Team: Deep Restaurant Experience



Bob Wright

President & CEO



Steve Cirulis

Chief Financial Officer



Adam Noyes

Chief Operating Officer



Adiya Dixon

Chief Legal Officer



David Daniels

Chief Marketing Officer



Scott Swayne

Chief People Officer



Jeffrey Douglas

Chief Information Officer



Larry Strain

Chief Development Officer

Strategic Focus: Traffic-Driven Profitability



Craveable
Quality
Food
at a Great
Value



People
Creating
Good
Vibes



Customer
Experiences
that Drive
Traffic
Growth



Digitally-
Driven
Awareness,
Connection
& Traffic



Franchise
Focused
Development

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Pillar 1: Craveable Quality Food at a Great Value



1



- National rollout of simplified menu was successfully implemented at the start of Q3'21
- New menu drove sales through a balance of traffic and average check during the quarter
- Re-defined sandwich sizes which improved value for consumers
- Increased pick your pair combination options
- Newly introduced items including Chicken Club, Avo Turkey, and Steakhouse Beef sandwiches

What'll it be?
SIZE
SKINNY
ORIGINAL
BIG

BREAD
WHITE or MULTIGRAIN
For less bread, try it Thin-Cut
FLAT (Crisp Flatbread)
70 cal less, Original size only

PICK your PAIR
Skinny Sandwich ONLY 8.29
Cup of Soup
Half Salad + Cup of Soup 8.99
Skinny Sandwich + Half Salad 9.49

MEAL DEAL ONLY 2.99
Chips + Reg. Fountain Drink cal 140-510
or a Large Drink for 20¢ more (Sals 0-150 cal)

Kids Combo ONLY 4.99
12 and under. Choose one:
Turkey & Swiss 330 cal
Ham & Swiss 370 cal
Grilled Cheese XXX cal
PB & J 550 cal
Mac & Cheese 310 cal
*All combos with:
Bottled Water 0 cal Apple Sauce 50 cal
Mini Oatmeal Chocolate Chip Cookie 100 cal

TOASTY SANDWICHES

CAN BE MADE VEGETARIAN

A Wreck		Italian		...or keep it simple	
SKINNY	ORIGINAL	SKINNY	ORIGINAL	SKINNY	ORIGINAL
5.29	7.29	5.29	7.29	4.49	6.59
400 cal	660 cal	440 cal	730 cal	330 cal	520 cal
A meaty fan favorite! Turkey breast, hickory smoked ham, Angus roast beef, salami, swiss		Salami, old-world capicola, pepperoni, mortadella, provolone		Turkey Breast & Swiss	
BIG 10.49 980 cal		BIG 10.49 1070 cal		BIG 10.49 1070 cal	

Avo Turkey		Chicken Club		Smoked Ham	
SKINNY	ORIGINAL	SKINNY	ORIGINAL	SKINNY	ORIGINAL
5.49	8.29	5.49	8.29	3.70	5.90
390 cal	640 cal	420 cal	690 cal	370 cal	590 cal
Hand-sliced turkey breast, swiss, fresh-sliced avocado, cucumber		All-natural grilled chicken, applewood smoked bacon, cheddar		Roast Beef & Provolone	
BIG 11.49 950 cal		BIG 11.49 1030 cal		BIG 11.49 1030 cal	

Steakhouse Beef		Veggie Melt		Grilled Chicken	
SKINNY	ORIGINAL	SKINNY	ORIGINAL	SKINNY	ORIGINAL
5.49	8.29	5.49	8.29	3.60	5.70
470 cal	790 cal	440 cal	750 cal	360 cal	570 cal
Angus roast beef, crumbled blue cheese, provolone, horseradish aioli		Fresh-sliced avocado, mushrooms, swiss, cheddar, provolone		Tuna Salad & Swiss	
BIG 11.49 1180 cal		BIG 10.49 1110 cal		BIG 10.49 1110 cal	

Pizza Melt		Mediterranean		Chicken Salad	
SKINNY	ORIGINAL	SKINNY	ORIGINAL	SKINNY	ORIGINAL
5.49	8.29	5.49	8.29	4.40	7.30
470 cal	790 cal	440 cal	750 cal	440 cal	730 cal
Pepperoni, old-world capicola, crumbled meatball, marinara sauce, provolone, mushrooms, Italian seasoning		All-natural grilled chicken, feta, hummus, artichoke hearts, roasted red peppers, cucumbers		Chicken Salad & Provolone	
BIG 11.49 1120 cal		BIG 10.99 1000 cal		BIG 10.99 1000 cal	

BLTA		Mama's Meatball	
SKINNY	ORIGINAL	SKINNY	ORIGINAL
5.49	8.29	5.49	8.29
410 cal	680 cal	530 cal	910 cal
Applewood smoked bacon, lettuce, tomato, and fresh-sliced avocado		Homestyle beef & pork meatballs, marinara sauce, provolone, Italian seasoning	
BIG 11.49 1000 cal		BIG 10.99 1360 cal	

FREE TOPPINGS

MATO cal 10-150
DELUXE MUSTARD cal 10-25
HOT PEPPERS cal 15-40
LETTUCE cal 0-10
ONION cal 0-5

TOMATO cal 0-10
PICKLE cal 0
OIL cal 20-60
ITALIAN SEASONING cal 0

EXTRAS

BACON cal 60-180
AVOCADO cal 60-180
MUSHROOMS cal 0-10

DOUBLE CHEESE cal 35-470
DOUBLE MEAT cal 60-720

Calorie range varies by sandwich size

SOUPS

CAN BE MADE VEGETARIAN

Broccoli Cheddar cal 230 | 350
Garden Vegetable cal 70 | 110
Loaded Baked Potato cal 210 | 310
Chicken Pot Pie cal 420 | 560
Chili cal 250 | 370
Mac & Cheese cal 310 | 480

SALADS

HALF WHOLE

Farmhouse cal 400 | 790
All-natural grilled chicken, crumbled blue cheese, egg, cucumbers, tomatoes, field greens, buttermilk ranch

Apple Walnut cal 430 | 850
All-natural grilled chicken, crumbled blue cheese, grapes, apples, dried cranberries, candied walnuts, field greens, balsamic vinaigrette

Powerhouse cal 280 | 560
All-natural grilled chicken, avocado, hummus, egg, cucumbers, tomatoes, field greens, fat-free vinaigrette

Chicken Salad Salad cal 230 | 460
Chicken salad, provolone, field greens, balsamic vinaigrette

SHAKES

REGULAR 4.29

Oreo Cookie 770 cal
Chocolate 770 cal
Strawberry 710 cal
Vanilla 700 cal

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Brett Vinzant
@Bveezyl

Replying to @thepublicfader @SchaeffDaddy and @Joe_Bayne

Fader have you been to @Potbelly recently? The bigs are now larger in size. Let's grab lunch this week...on my dime. Only 1 question remains - [#WreckOrItalian](#)



micbear64 Had lunch there today, LOVE the new menu! Your salads, and sandwiches are SO good!

Pillar 2: People Creating Good Vibes



2



- Continue to embrace 'Hire for attitude, train for skills' mantra
- Appointed Scott Swayne as Chief People Officer (CPO) to further drive results-oriented culture
- Hours-based labor management improves deployment and employee performance while reducing cost
- Implemented new employee retention and acquisition initiatives including referral bonus programs and pay band modifications
- Balanced score card system at shop level to align incentives around driving traffic and profitable growth



Pillar 3: Customer Experiences that Drive Traffic Growth



3



- Focus on food quality, speed, throughput and cleanliness driving customer satisfaction and sales
- Leveraging two-line kitchen to deliver digital and off premise business while maintaining in shop line speed and experience
- Training systems and materials simplified and updated for associates and managers
- Successful campaigns with third-party partners like Grubhub and Uber Eats



GRUBHUB
Uber Eats
DOORDASH



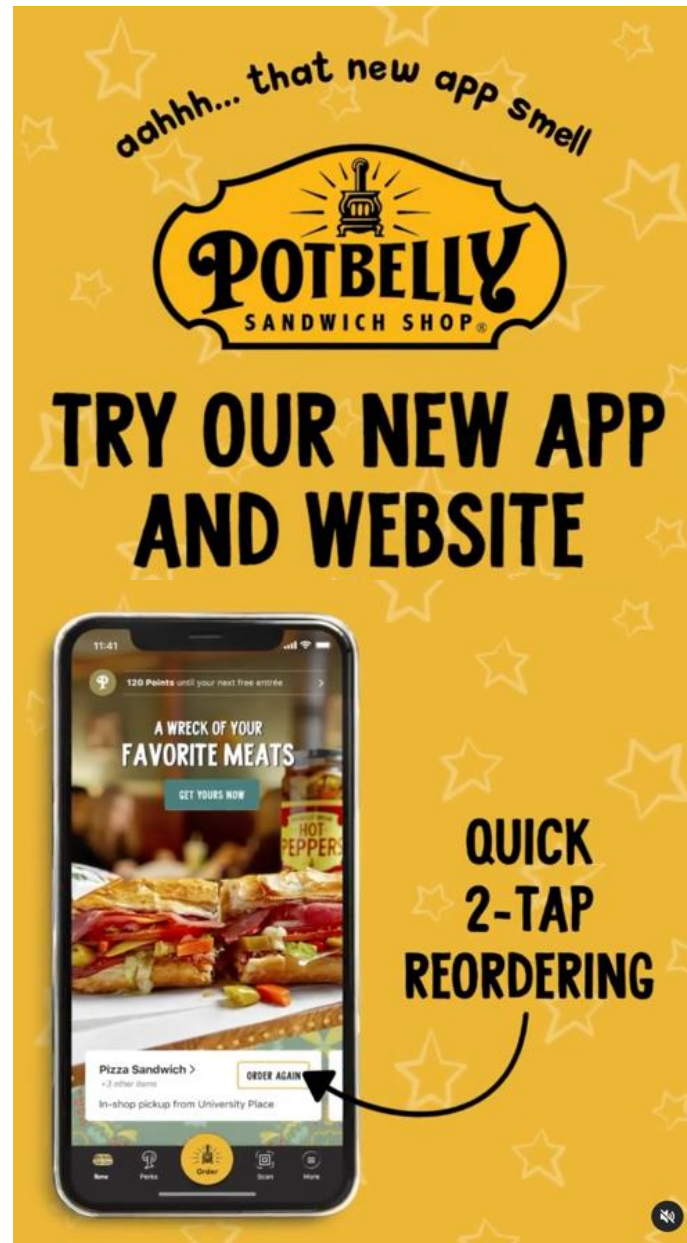
Pillar 4: Digitally-Driven Awareness, Connection & Traffic



4



- New app, website and digital order integration
- Upgraded Perks loyalty program allowing for more personalization and targeted offers
- All-new food photography celebrates Potbelly high quality menu
- Easy re-ordering capability
- New Tech Stack launched Q3'21
- Strong digital marketing campaign drives a balance of awareness, traffic, sales, and ROI



5



- Escalating new unit development with a focus on franchise development
- Potbelly's brand recognition and growth potential creates unique franchise opportunity
- Enhanced unit level economics and shop margins should bring additional experienced franchisees
- Appointment of Larry Strain as CDO adds expertise to franchise development strategy



JUST 8 SIMPLE STEPS

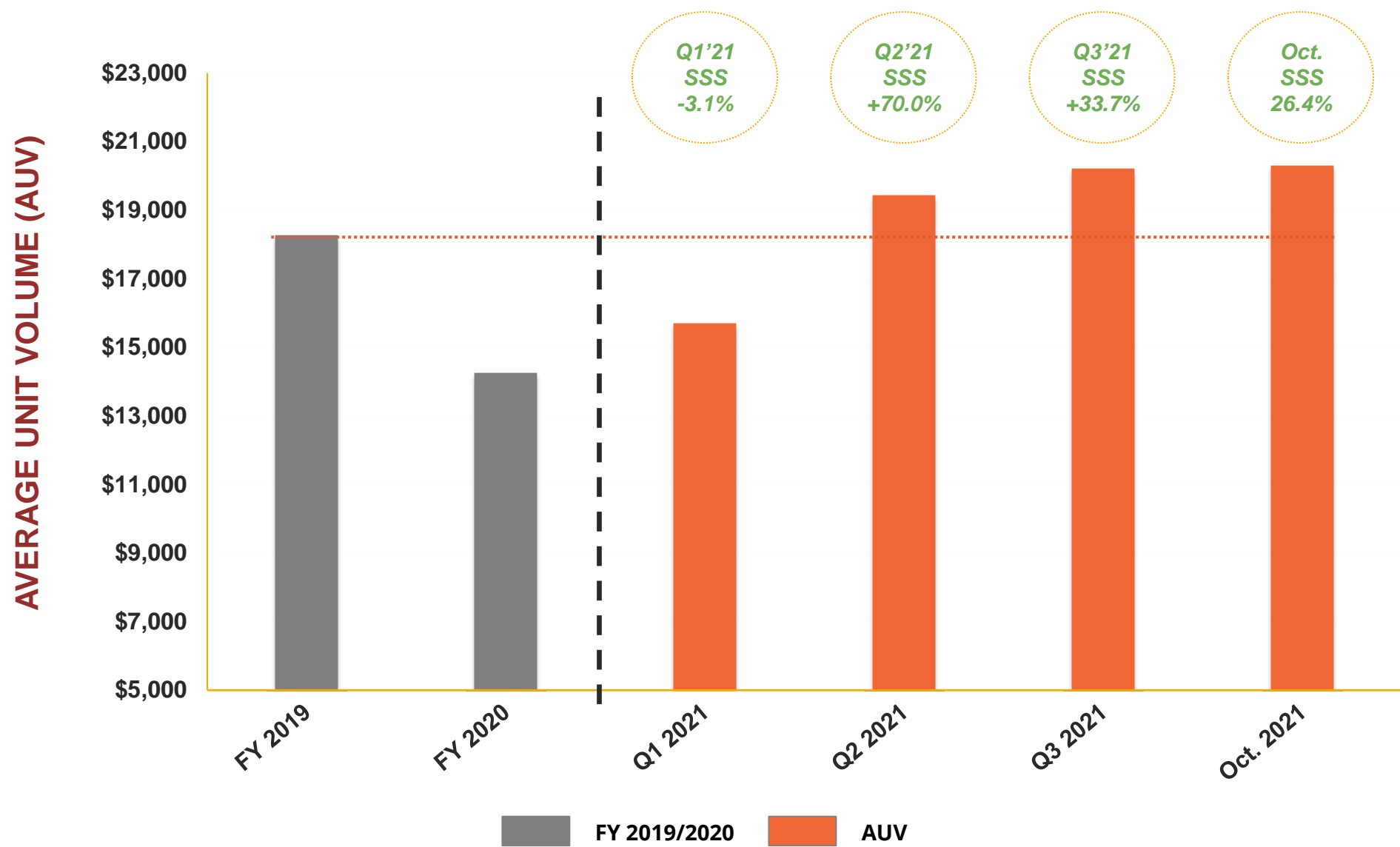
- 1 Complete and submit the Get Started form to let us know you are interested
- 2 Telephone call with a member of the Potbelly Franchise Team
- 3 Attend "Discovery Day" at the Potbelly Support Center in Chicago
- 4 Go on a "Day in the Life" in-shop experience
- 5 Sign the Potbelly Franchise agreement and start looking for your perfect shop
- 6 Attend the design and construction workshop
- 7 Get trained on all things Potbelly
- 8 Build your shop and hire your team

A SHOP FOR EVERYONE

Ongoing Acceleration in AUV; Healthy SSS



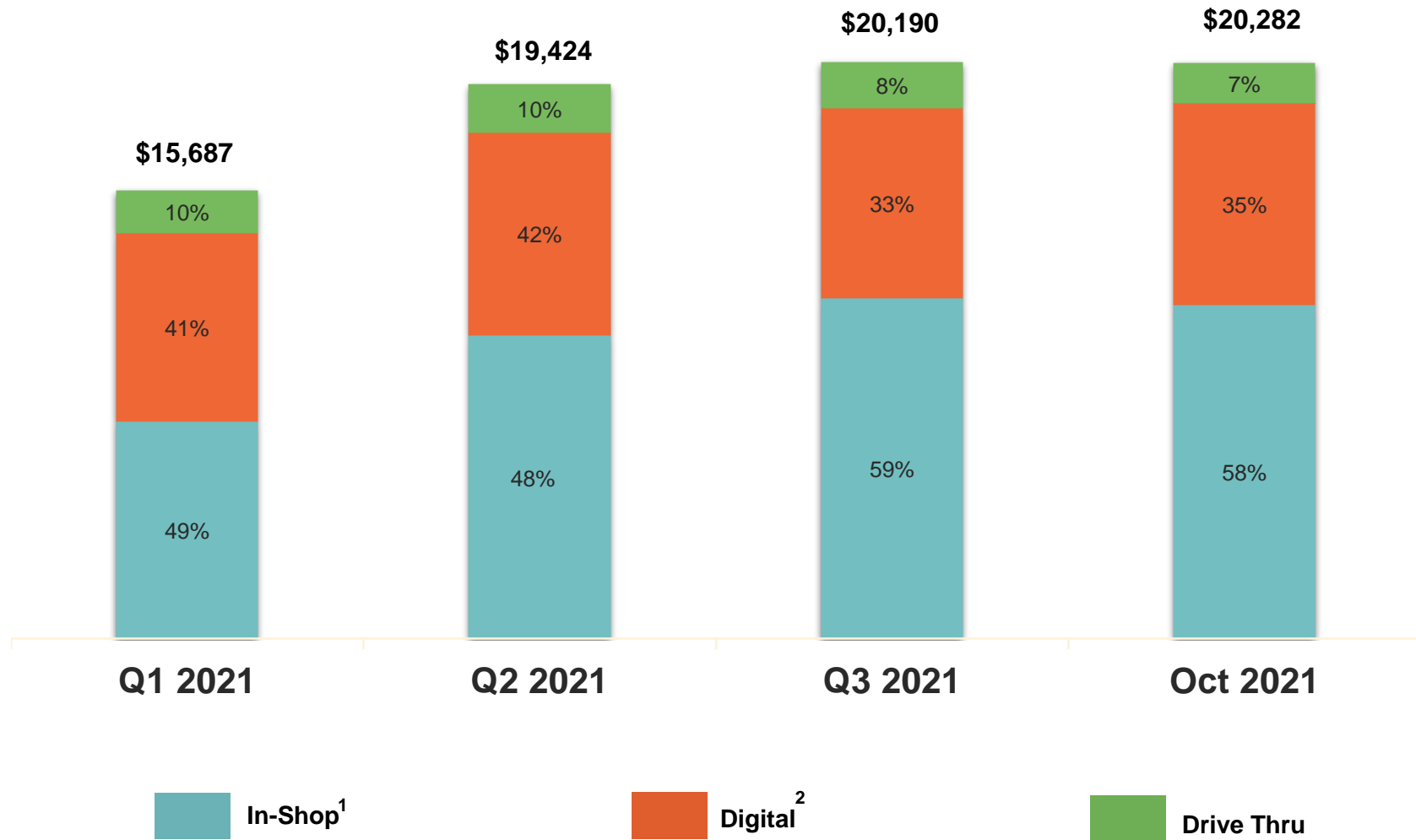
Average Unit Volume (AUV) and SSS



Significant Step Up Towards In-Shop Service



Average Unit Volume and Service Mode Mix



(1) In-Shop includes all revenue for dine-in and take out services

(2) Digital includes all revenue for delivery and pick up services through mobile ordering and catering

Year-to-Date Strategic Successes and Upcoming Priorities



YTD Achievements

- ✓ Achieved three consecutive quarters of shop-level profitability
- ✓ Suburban, Drive-thru, and Urban shops SSS above 2019 levels; Ongoing recovery of CBD and Airport locations
- ✓ Completed hiring of executive leadership team with additions of Scott Swayne, Larry Strain, and David Daniels
- ✓ Implementation of new tech stack including new app, website and Perks program
- ✓ Nationwide launch of new and improved menu



Q4 Priorities

- People Creating Good Vibes
 - End of year performance and referral bonuses to drive employee retention and staffing
- AUV Growth:
 - Increased investment in digital marketing.
 - Perks loyalty acquisition, traffic and frequency campaigns
 - Tech stack enhancements to drive convenience, conversion and check
- Mitigate Inflation and Margin Pressure:
 - Strategic price increases
 - Adjusted contracting to manage food inflation
 - Labor guide, overtime and wage control systems
- Build on 5 Pillar Strategy and Finalize 3-Year Value Driving Objectives

Three-year Strategic Growth Plan Being Finalized



Strategic Focus: Traffic-Driven Profitability



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Customer
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Value Driving Growth Objectives:



***Accelerating AUVs
Meaningfully Above
Historic Levels***



***Margin Expansion Back to
Previous High Ranges***



***Transitioning to More of a
Franchised System with
Escalating New Unit
Development***

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APPENDIX:

GAAP to Non-GAAP Reconciliations



Q3 2021 Performance Review: Q/Q



(\$s in millions)

	Q3 2021	Q2 2021	Q3 2020
Revenue	\$101.7	\$97.5	\$72.7
Same Store Sales (SSS)	33.7%	70.0%	(21.0%)
GAAP Net Income (Loss)	(\$2.8)	(\$3.9)	(\$13.4)
Adjusted Net Income (Loss)*	(\$1.5)	(\$2.9)	(\$10.0)
Adjusted EBITDA*	\$2.7	\$1.9	(\$7.3)
G&A/Sales	7.5%	9.5%	13.2%
COGS/Sales	27.9%	27.2%	28.7%
Labor/Sales	32.8%	33.0%	35.8%
Other Operating Expenses/Sales	16.2%	15.2%	16.8%
Liquidity Position**	\$28.3	\$35.3	\$50.8

* See Appendix to this presentation for GAAP to Non-GAAP reconciliations

** Liquidity Position is defined as cash on hand and availability under the revolving credit facility

Q3'21 & Q2'21 Performance Review: Adjusted Net Income



(\$s in millions)

	Q3 2021	Q2 2021
Net Loss	(\$2.9)	(\$3.9)
Disposals, Impairment & Closures	\$1.1	\$0.3
Income Tax Adjustments	\$0.3	\$0.7
Adjusted Net Loss	(\$1.5)	(\$2.9)

Q3'21 & Q2'21 Performance Review: Adjusted EBITDA



(\$s in millions)

	Q3 2021	Q2 2021
Net Loss	(\$2.9)	(\$3.9)
Depreciation Expense	\$3.6	\$4.6
Interest Expense	\$0.2	\$0.2
Income Tax Expense (Benefit)	\$0.0*	\$0.2
EBITDA	\$0.9	\$1.0
Disposals, Impairment & Closures	\$1.0	\$0.3
Stock Compensation	\$0.6	\$0.6
Adjusted EBITDA	\$2.7	\$1.9

*Income Tax Expense is \$15.9K

5-Pillar Strategy: Multiple Strategic Initiatives



Focused investments to drive traffic, profitability, reward loyal customer following and further develop franchise pipeline



Strategic Initiatives	Status
Simplified Menu to improve traffic, customer experience & value perceptions	<ul style="list-style-type: none"> ✓ Completed national roll out of new menu in July 2021 ✓ Received positive customer feedback from new menu
Tech Stack including new website, App and improved online ordering	<ul style="list-style-type: none"> ✓ New tech stack received positive feedback from consumers and set the stage for future integrations
Scale Media and Local Shop Marketing (LSM) to grow traffic and frequency	<ul style="list-style-type: none"> ■ Successful execution of scaled media campaigns; ongoing push to drive additional sales – paid and unpaid social media and third-party activation showing solid returns including franchisees ✓ Appointment of David Daniels as Chief Marketing Officer
Perks Loyalty Program to add members and drive additional revenue	<ul style="list-style-type: none"> ■ Implement engagement campaigns to drive customer acquisition and retention ■ Review and refine Perks messaging to capture and accelerate growth
Franchised Focus Development to grow shop presence across quality markets	<ul style="list-style-type: none"> ■ Finalizing growth plan focused on escalating new franchise unit development ✓ Identification of substantial untapped market opportunities to expand and deepen national footprint

Use of Non-GAAP Measures



Note Regarding Non-GAAP Measures

We prepare our financial statements in accordance with Generally Accepted Accounting Principles ("GAAP"). Within this presentation, we make reference to EBITDA, adjusted EBITDA, adjusted diluted EPS, adjusted net loss, shop-level profit, and shop-level profit margin, which are non-GAAP financial measures. The Company includes these non-GAAP financial measures because management believes they are useful to investors in that they provide for greater transparency with respect to supplemental information used by management in its financial and operational decision making.

Management uses adjusted EBITDA, adjusted net income and adjusted diluted EPS to evaluate the Company's performance and in order to have comparable financial results to analyze changes in our underlying business from quarter to quarter. Adjusted EBITDA, adjusted net income and adjusted diluted EPS exclude the impact of certain non-cash charges and other special items that affect the comparability of results in past quarters. Management uses shop-level profit and shop-level profit margin as key metrics to evaluate the profitability of incremental sales at our shops, to evaluate our shop performance across periods and to evaluate our shop financial performance against our competitors.

Accordingly, the Company believes the presentation of these non-GAAP financial measures, when used in conjunction with GAAP financial measures, is a useful financial analysis tool that can assist investors in assessing the Company's operating performance and underlying prospects. This analysis should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. This analysis, as well as the other information in this press release, should be read in conjunction with the Company's financial statements and footnotes contained in the documents that the Company files with the U.S. Securities and Exchange Commission. The non-GAAP financial measures used by the Company in this press release may be different from the methods used by other companies. For more information on the non-GAAP financial measures, please refer to the table, "Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures."

Definitions

The following definitions apply to these terms as used throughout this presentation:

- **Revenues** – represents net company-operated sandwich shop sales and our franchise operations. Net company-operated shop sales consist of food and beverage sales, net of promotional allowances and employee meals. Franchise royalties and fees consist of an initial franchise fee, a franchise development agreement fee and royalty income from the franchisee.
- **Same-store-sales or same-store traffic**– represents the change in year-over-year sales or transactions for the comparable company-operated store base open for 15 months or longer.
- **Average Unit Volumes (AUV)** – represents the average sales of all company-operated shops which reported sales during the associated time period.
- **EBITDA** – represents income before depreciation and amortization expense, interest expense and the provision for income taxes.
- **Adjusted EBITDA** – represents income before depreciation and amortization expense, interest expense and the provision for income taxes, adjusted to eliminate the impact of other items, including certain non-cash as well as other items that we do not consider representative of our ongoing operating performance.
- **Shop-level profit** – represents income (loss) from operations less franchise royalties and fees, general and administrative expenses, depreciation expense, pre-opening costs, restructuring costs and impairment, loss on the disposal of property and equipment and shop closures.
- **Shop-level profit margin** – represents shop-level profit expressed as a percentage of net company-operated sandwich shop sales.

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